

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 16, 2014

Consideration and Approval of Issuance Date Extensions
for Various Qualified Residential Rental Projects
(Agenda Item No. 4)

ACTION:

Approve Issuance Date Extensions for Various Qualified Residential Rental Projects as noted.

BACKGROUND:

Olive Wood Apartments (14-039)

The Olive Wood Apartments Project (“Project”) received an allocation award through the Housing Authority of the County of Sacramento (“Applicant”) on March 19, 2014. The Project’s original issuance deadline was July 7, 2014; which the Executive Director extended to the Committee meeting date of July 16, 2014.

The Applicant is now requesting an additional 30-day extension of the allocation expiration date to August 15, 2014. The final form of bond documents and subordinate loan documents for the project require approval by the Sacramento County Board of Supervisors which does not meet between June 19, 2014 and July 14, 2014. The requisite noticing requirements for such approval and internal processing requirements of the project's financing providers made it infeasible for the referenced documents to go before the Sacramento Board of Supervisors prior to the July 15, 2014 meeting. Bond issuance for this project now expected to occur shortly after the July 15, 2014 Board of Supervisors meeting.

Allowing an extension of the issuance deadline to August 15, 2014 will ensure the issuance of the bonds for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the County of Sacramento will lose the opportunity to rehabilitate 67 affordable family housing units.

Harbour View Apartments (14-033)

The Harbour View Apartments Project (“Project”) received an allocation award through the California Statewide Communities Development Authority (“Applicant”) on March 19, 2014. The Project’s original issuance deadline was July 7, 2014; which the Executive Director extended to the Committee meeting date of July 16, 2014.

The Applicant is now requesting a 60-day extension of the allocation expiration date to September 14, 2014. Due to delays involving the City of Richmond’s plan check review and the lender’s due diligence, the Project requires additional time to complete the financing of the Project.

Allowing an extension of the issuance deadline to September 14, 2014 will ensure the issuance of the bonds for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the City of Richmond will lose the opportunity to construct 61 affordable senior housing units.

Liberty Village Apartments (14-033)

The Liberty Village Apartments Project (“Project”) received an allocation award through the California Statewide Communities Development Authority (“Applicant”) on March 19, 2014. The Project’s original issuance deadline was June 27, 2014; which the Executive Director extended to the Committee meeting date of July 16, 2014.

The Applicant is now requesting a 30-day extension of the allocation expiration date to August 15, 2014. The extra time is needed due to environmental studies that are required and will not be completed by the existing deadline of June 27, 2014.

Allowing an extension of the issuance deadline to August 15, 2014 will ensure the issuance of the bonds

for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the City of Richmond will lose the opportunity to rehabilitate 99 affordable family housing units.

Renaissance Village Apartments (14-036)

The Renaissance Village Apartments Project (“Project”) received an allocation award through the California Municipal Finance Authority (“Applicant”) on March 19, 2014. The Project’s original issuance deadline was July 7, 2014; which the Executive Director extended to the Committee meeting date of July 16, 2014.

The Applicant is now requesting a 90-day extension of the allocation expiration date to October 14, 2014. The City of Rialto Housing Authority (the “Authority”) and the County of San Bernardino Economic Development Agency are currently amending or replacing their existing agreements and encumbrances for the Renaissance Village property. Both agencies are now anticipating receiving an approval of the documents from their governing boards on July 8, 2014. The process to approve and fully execute new agreements for both agencies typically requires several days after board approval to complete. The actions to be approved include a new City of Rialto Housing Authority Regulatory Agreement, the removal of the existing Authority recorded documents, and Amended & Assigned County of San Bernardino HOME loan documents.

Allowing an extension of the issuance deadline to October 14, 2014 will ensure the issuance of the bonds for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the City of Rialto will lose the opportunity to rehabilitate 143 affordable family housing units.

Hunters View Phase IIA Apartments (14-038)

The Hunters View Phase IIA Apartments Project (“Project”) received an allocation award through the City and County of San Francisco (“Applicant”) on March 19, 2014. The Project’s original issuance deadline was June 27, 2014; which the Executive Director extended to the Committee meeting date of July 16, 2014.

The Applicant is now requesting a 90-day extension of the allocation expiration date to October 14, 2014. The Project has experienced significant delays associated with the San Francisco Housing Authority (SFHA) and the Department of Housing and Urban Development (HUD) process for review and execution of site control and finance/closing documents. Review and final approval of the Disposition and Development Agreement (DDA) and associated ground leases has taken longer than anticipated due to the lengthy HUD review timeline. In addition, with the encouragement of SFHA and the Mayor’s Office of Housing and Community Development, the Project Sponsor applied for and received Rental Assistance Demonstration (RAD) financing earlier this year. Upon receiving the award, the DDA and ground leases for the project were amended to account for the change to RAD financing. This change resulted in additional attorney document preparation and HUD review, and has delayed approval of the site control documents needed for closing.

Allowing an extension of the issuance deadline to October 14, 2014 will ensure the issuance of the bonds for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the City and County of San Francisco will lose the opportunity to build 105 new affordable family housing units.

Auburn Heights and Jasmine Heights Apartments (14-050 & 14-051)

The Auburn Heights and Jasmine Heights Apartments Projects (“Projects”) received an allocation award through the Housing Authority of the County of Kern (“Applicant”) on March 19, 2014. The Projects original issuance deadlines were June 27, 2014 and July 7, 2014 respectively; both of which the Executive Director extended to the Committee meeting date of July 16, 2014.

The Applicant is now requesting a 90-day extension of the allocation expiration date to October 14, 2014. The extra time is needed due to the 4.5% decline in 2014 TCAC rents triggering the need for updated underwriting for the Project and a resulting decrease in the permanent loan amount allowed by the

investor. The developer has been negotiating with the seller over the past few months to change the terms of the purchase and sale agreement to reflect the revised financing structure. It is anticipated that the revised sale terms with the seller will clear the way for the project to proceed to closing.

Allowing an extension of the issuance deadline to October 14, 2014 will ensure the issuance of the bonds for the Projects. If the issuance deadline is not extended, the Projects will lose their allocation and the Housing Authority of the County of Kern will lose the opportunity to rehabilitate a total of 284 affordable family housing units.

Village Center Apartments (14-018)

The Village Center Apartments Project (“Project”) received an allocation award through the City of Anaheim Housing Authority (“Applicant”) on March 19, 2014. The Project’s original issuance deadline was June 17, 2014; which the Executive Director extended to the Committee meeting date of July 16, 2014.

The Applicant is now requesting a 44-day extension of the allocation expiration date to August 29, 2014. The Project has experienced significant delays associated with the U.S. Department of Housing and Urban Development (HUD) process for review and execution of the Housing Assistance Payment (HAP) Contract for the project. This review process has just been completed, and the Applicant now will seek final approval of the bond issuance authority from their commission on July 15, 2014; with an anticipated issuance of the bonds by the end of August.

Allowing an extension of the issuance deadline to August 29, 2014 will ensure the issuance of the bonds for the Project. If the issuance deadline is not extended, the Project will lose its allocation and the City of Anaheim will lose the opportunity to rehabilitate a total of 100 affordable senior at-risk housing units.

DISCUSSION:

The CDLAC Regulations state that if an Allocation was awarded during an Open Allocation Round, the Committee may extend a Project or Program’s expiration date up to the next regularly scheduled meeting at which time the Committee may elect to grant an additional extension up to ninety (90) days. The Projects below are otherwise in full compliance and eligible for an issuance deadline extension under the CDLAC Regulations.

14-039	Olive Wood Apartments	August 15, 2014
14-032	Harbour View Apartments	September 14, 2014
14-031	Liberty Village Apartments	August 15, 2014
14-036	Renaissance Village Apartments	October 14, 2014
14-038	Hunters View Phase IIA Apartments	October 14, 2014
14-050	Auburn Heights Apartments	October 14, 2014
14-051	Jasmine Heights Apartments	October 14, 2014
14-018	Village Center Apartments	August 29, 2014

RECOMMENDATION:

Staff recommends the approval of extensions of the issuance deadlines, up to ninety days, for the Projects noted above.

Prepared by Richard Fischer/ Leslie J. Campaz